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Accused Spy Used Hong Kong Banks

FBI Agent Says Chin Was Guest of Honor at 1982 Peking Banquet

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Accused spy Larry Wu-Tai Chin kept more than \$98,000 in an account in a Hong Kong bank, held another Hong Kong account apparently to store gold bullion, and told agents he used the proceeds of his alleged espionage to buy real estate here, an FBI agent testified in Alexandria federal court yesterday.

Agent Mark R. Johnson testified at a bail hearing that the former Central Intelligence Agency analyst, who allegedly spied for China for more than 30 years, was feted as the guest of honor at a 1982 banquet in Peking, a banquet that was attended by the head of China's intelligence service and its retired chief.

"He was treated royally while he was there," Johnson said of Chin, 63, who was ordered held without bond.

Chin supplied so much material, Johnson testified, that it took two Chinese intelligence agents two months to translate each shipment, which was then sent on directly to the Politburo, the most powerful arm of the ruling Communist party in China.

"The mere existence of Mr. Chin ... was so secret that it was known to only a few, a handful of people" inside China's intelligence service, called the Ministry of Public Security, Johnson said. He said Chin, an Alexandria resident, had "access to all classified material, top secret and above."

In Peking yesterday, the Chinese Foreign Ministry denied any connection with Chin, the first person to be arrested in the United States on charges of spying for the People's Republic of China.

"We have nothing to do with that man," said Foreign Ministry spokesman Li Zhaoxing. "The accusation

made by the U.S. side is groundless."

Johnson said most of the details about Chin's alleged espionage activities came from Chin himself, who was interviewed by FBI agents for more than five hours before his arrest Friday night.

Chin, who continued to work as a consultant for the CIA until his arrest last week, allegedly received more than \$140,000 for supplying defense secrets to the Chinese since 1952, when he is accused of disclosing the location of Chinese prisoners of war in Korea.

Chin worked for the Foreign Broadcast Information Service, an arm of the CIA that monitors and analyzes foreign press reports broadcasts and also translates classified documents for other branches of the CIA.

Chin is fluent in four different Chinese dialects, Johnson testified yesterday.

At the close of the two-hour hearing, U.S. Magistrate W. Curtis Sewell said Chin, a naturalized American citizen, posed a "serious risk of flight" and should not be freed before trial.

Chin was indicted Tuesday by a federal grand jury in Alexandria on one count of conspiring to commit espionage.

Chin's lawyer, Peter Meyers, said at the hearing that the CIA five months ago asked Chin if he would be willing to "come back on a regular basis" and sent him an application form for a position. Meyers said Chin never responded to the offer.

It was not clear yesterday whether the CIA was aware at the time of the Chin investigation, which according to an FBI affidavit started in December 1983.

An FBI spokesman said yesterday, however, that the two agencies maintain "a very cooperative relationship."

At the court hearing, attended by Chin's wife and two of his three children, Johnson testified that last year Chin and his mistress, Huang Tsu-Ling of Chicago, discussed the "possibility of pulling up stakes and moving to China permanently."

Johnson said Chin and his wife, who also is Chinese, have "rather a stormy relationship" and that Chin was arrested in 1983 for assault and battery in an incident involving his wife. The charge eventually was dropped.

He said that Chin told agents in an interview last Friday night before his arrest that every time he traveled to Hong Kong he was paid at least \$10,000.

Defense lawyer Meyers argued that his client, who was at the GS 13 level when he retired in 1981, was "basically a translator" at the CIA with little access to sensitive documents.

He called the case against Chin "very weak" and charged that press leaks about the case have "damaged the American system of justice far more than anything Mr. Chin has done."

He said that during a five-hour long interview Friday night agents "grilled him ... without allowing him to seek counsel."

In the course of the interview, Meyers said, the FBI agents "ordered take-out Chinese food, proving they at least had a sense of humor."

He said Chin and his wife own several condominium apartments in the Washington area that they would be willing to post as collateral to ensure Chin's appearance at trial.

But Assistant U.S. Attorney Joseph J. Aronica, who urged that Chin be held without bond, argued that he was likely to flee the country and probably would have done so Friday night had he not been arrested.

"The man's mind and heart ... have been in China," Aronica said.